

DE 00-218

GRANITE STATE ELECTRIC COMPANY, INC.

Default Service Rates for November 1, 2000 to April 30, 2001

Order Nisi Approving Default Service Rates

O R D E R N O. 23,585

November 2, 2000

On October 3, 2000, the Petitioner, Granite State Electric Company, Inc. (Granite State or the Company), filed with the New Hampshire Public Utilities Commission (Commission) a transmittal letter, the testimony of Michael J. Hager, and supporting attachments detailing the Company's Default Service Rate proposal for the period November 1, 2000 to April 30, 2001. In accordance with Commission Order No. 23,393 (January 27, 2000) and RSA 374-F:3, V (c), which calls for default service to be procured through the competitive market and based upon short-term market prices, Granite State along with its affiliates, Massachusetts Electric Company and Narragansett Electric Company issued a Request for Proposal (RFP) on August 15, 2000, for default service for the period November 1, 2000 to April 30, 2001. In conjunction with its affiliates, Granite State chose Select Energy from among five bidders to be its default and Transition Service 2 wholesale supplier. The proposed retail rates, which vary by month are as follows:

November 2000	6.23¢/kWh
December 2000	6.77¢/kWh
January 2001	9.44¢/kWh
February 2001	8.52¢/kWh
March 2001	7.01¢/kWh
April 2001	6.30¢/kWh

These figures are based upon the wholesale rate from Select Energy adjusted for losses and assuming an Installed Capacity price of 17¢/kilowatt-month. The Company proposes to continue billing customers taking default service on a bills rendered basis assuming 15 days usage in the present month and 15 days usage in the past month. The Company will solicit another RFP for default service prior to the expiration of the Select Energy wholesale supply contract.

Commission Staff has reviewed the testimony and exhibits of the Company and recommends approval of the Default Service rates. Staff recommends that the Staff and Company work on a proposal to streamline the process for filing and accepting default service rates and submit a proposal to the Commission prior to the Company's next default service submission.

We find that the Company's methodology to procure default service to be reasonable and within the Legislature's guidelines. The default rates proposed for the upcoming 6 month period are higher than current Transition Service 1 rates and higher than the Transition Service 1 rates proposed

for the upcoming 6 months, thus customers are not encouraged to switch to default service. Although the price of default service is our primary concern, we will consider any proposal the Company, Staff and interveners choose to present on the default service review process. As we stated in Order No. 23,523 (July 5, 2000), our approval of the Default Service rates for this period does not take the place of a prudence review for recovery of any claimed Transition Service 2 under-recovery. We will examine the prudence of the Transition Service 2 power contracts in a separate proceeding if the Company files to recover those costs.

Based upon the foregoing, it is hereby

ORDERED NISI, that Granite State Electric's Default Service rates are approved as filed on October 3, 2000; and it is

FURTHER ORDERED, that the Petitioner shall cause a copy of this Order Nisi to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than November 9, 2000 and to be documented by affidavit filed with this office on or before November 16, 2000; and it is

FURTHER ORDERED, that all persons interested in

responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than November 16, 2000; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than November 20, 2000; and it is

FURTHER ORDERED, that this Order Nisi shall be effective November 1, 2000, subject to any requests for hearing that are received by November 20, 2000; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before November 15, 2000, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this second day of November, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary